**Business Law ~ Chapter 9**

**Legal Capacity of Contracts**

**9-1 Contractual Capacity of Individuals and Organizations**

* Identify parties who lack contractual capacity
* Explain the role of capacity in organizations

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| Protection for Lack of Capacity |
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| 3 Classifications of Lacking Capacity |
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In what two ways is capacity to contract on behalf of an organization created?

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**9-1 Assessment ~ Page 161**

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**9-2 Limits on the Rights of Those Without Capacity**

* Recognize the time frame during which a contract can be disaffirmed.
* Identify contracts that cannot be disaffirmed.
* Discuss the effects of misrepresentation of age on contractual responsibilities.

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| Disaffirmance Time Frame | |
| Disaffirmance | **Ratification** |

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| Contracts That Cannot Be Disaffirmed | |
| Court-Approved Contracts | **Major Commitments** |
| Banking Contracts | **Insurance Contracts** |
| Work-Related Contracts | **Sale of Realty / Apartment Rental** |

If minors lie about their age, what happens in most states with regard to their ability to disaffirm contracts of good and services that are not necessaries?   
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**9-2 Assessment ~ Page 165**

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